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# Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
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----------270519Z 057487 /20
R 262253Z JAN 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 2247
INFO AMCONSUL MONTREAL
ALL CONSULATES IN CANADA

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E.O. 11652: N/A
TAGS: EAID, CA
SUBJ: CIDA AGAIN UNDER ATTACK

REF: OTTAWA A-429 DATED JUNE 27, 1975

1. SUMMARY: PERIODICALLY PRESS AND SOME OPPOSITION MP'S MOUNT CAMPAIGN AGAINST ALLEGED INEFFICIENCIES AND WASTE OF TAXPAYERS' DOLLARS BY CANADIAN INTERNATIONAL DEVELOPMENT AGENGY (CIDA). STRENGTHENED BY RECENT AUDITOR-GENERAL'S REPORT ON CERTAIN CIDA DEFICIENCIES AND BY HIGHLY CRITICAL AND WELL-PUBLICIZED REPORT OF CIDA ACTIVITIES IN HAITI, PRESS IS AGAIN SEARCHING FOR SCANDAL IN CANADA'S INTERNATIONAL AID AGENCY. PREVIOUS PRESS MUCKRAKING HAD NO EFFECT ON CIDA BUDGET; ADVERSE PUBLICITY QUICKLY DIED, AND NO CONSTITUENCY FORMED TO OPPOSE GOC AID EFFORTS ABROAD. CURRENT CAMPAIGN AGAINST CIDA UNLIKELY PRODUCE ANY ADVERSE EFFECTS ON GOC AID POLICIES OR CHANGE CIDA OPERATIONS. END SUMMARY

2. WITH RELEASE OF AUDITOR GENERAL'S REPORT EVERY
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YEAR, LOCAL NEWSPAPERS PUBLISH MOST GLARING EXAMPLES OF ALLEGED INEFFICIENCIES OF CANADIAN INTERNATIONAL DEVELOPMENT AGENCY. HOWEVER, THESE STORIES GENERALLY OVERSHADOWED BY OTHER EXAMPLES OF REPORTED MISMANAGEMENT BY FEDERAL GOVERNMENT. PERIODICALLY NEWSPAPERS REHASH QUDITOR GENERAL'S LIST OF CIDA FAULTS OR ATTEMPT NEW PROBE INTO CIDA'S OVERSEAS ACTIVITIES,

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HOPING TO FIND SENSATIONAL EXAMPLES OF WASTE.

3. ON JANUARY 20, 1977 , INVESTIGATIVE REPORTERS GOT NEW "EVIDENCE" OF CIDA MISDEEDS WHEN DR. MORTON SHULMAN, ONTARIO MEDICAL DOCTOR AND TV PERSONALITY, RELEASED TO PRESS COPIES OF CIDA DOCUMENT SUPPOSEDLY DETAILING CIDA MISMANAGEMENT, AND SHULMAN COMMENTED UNFAVORABLY ON PARTICULAR CIDA PROJECT IN HAITI THAT HE RECENTLY VISITED. WHEREAS IN 1975 OTTAWA CITIZEN WAS MAIN NEWSPAPER SERIALIZING CIDA "SCANDALS" (SEE REFAIR), THIS TIME TORONTO SUN TOOK LEAD IN PUBLICIZING CRITICISM OF CIDA.

4. PAST ATTACKS ON CIDA WERE EITHER ANSWERED IN PARLIAMENT BY MINISTER FOR EXTERNAL AFFAIRS OR BY MINISTER AND CIDA PRESIDENT IN TESTIMONY BEFORE HOUSE OF COMMONS EXTERNAL AFFAIRS COMMITTEE. THIS YEAR'S CRITICISMS OF CIDA PROMPTED CIDA PRESIDENT GERIN-LAJOIE TO CALL PRESS CONFERENCE TO REFUTE SHULMAN'S CHARGES, AND CIDA ISSUED PRESS RELEASE REPLYING IN DETAIL TO LIST OF PROJECTS QUESTIONED BY TORONTO SUN.

5. IN CIDA'S PRESS RELEASE, AGENCY SAID DOCUMENT USED BY SHULMAN TO BUTTRESS HIS CRITICISM OF CIDA WAS "MEMORANDUM LISTING ALL FILES ON ANY PROJECT EVER PROPOSED, DISCUSSED, REQUESTED, PLANNED, CONSIDERED, APPROVED, COMPLETED OR REJECTED." RELEASE THEN LISTED OVERSEAS PROJECTS REPORTED BY TORONTO SUN AS EXAMPLES OF CIDA MISMANAGEMENT, AND GAVE "FACTUAL DESCRIPTION"
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OF PROJECT. IN MANY CASES PROJECTS CITED BY SUN HAD ALREADY BEEN REJECTED BY CIDA OR WERE MERELY BEING CONSIDERED. IN SOME CASES, SUN HAD REPORTED HUGE INCREASES IN AID FUNDS TO PARTICULAR COUNTRY (E.G., ACCORDING TO SUN, NEPAL AID WAS TO GO FROMM C$700,000 A YEAR TO C$80 MILLION), WHEREAS CIDA SAID LARGER AMOUNT WAS SUM TOTAL OF "EVERYTHING THAT HAS EVER BEEN SPENT, PLANNED, CONSIDERED, REQUESTED OR REJECTED."

6. PRESS RELEASE DISMISSED SHULMAN'S CRITICISM OF CIDA'S HAITI PROJECTS BY REFERRING READERS TO JANUARY 20 GLOBE AND MAIL ARTICLE IN WHICH "DR. SHULMAN'S CHARGES HAVE BEEN EFFECTIVELY CONTRADICTED BY HAITIAN OFFICIALS."

7. COMMENT: IN THE PAST, SENSATIONAL NEWSPAPER ARTICLES OR OTHER CHARGES AGAINST CIDA OPERATIONS HAVE RESULTED IN SOME OPPOSITION MP'S CALLING FOR FULL-SCALE INQUIRY INTO CIDA. LIBERAL GOVERNMENT HAS FINESSED THIS REQUEST BY SAYING HOUSE COMMITTEE ON EXTERNAL

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AFFAIRS COMMITTEE WOULD HAVE SUFFICIENT OPPORTUNITY TO QUESTION CIDA OFFICIALS DURING HEARINGS ON CIDA BUDGET. SINCE PARLIAMENT DOES NOT VOTE ON INDI-VIDUAL COUNTRY AID PROGRAMS BUT APPROVES CIDA BUDGET ALLOCATION IN TOTAL, NO CHANGES WERE EVER MADE BY PARLIAMENT IN CIDA'S OVERSEAS OPERATIONS, AND CIDA'S ALLOCATION INCREASED SUBSTANTIALLY DURING THE 1970'S.

8. CRITICISM OF CIDA'S OPERATIONS INPAST HAVE NOT GENERATED ANYLARGE CONSTITUENCY IN CANADA OPPOSED TO INCREASED CANADIAN FOREIGN AID. IN FACT, COLUNMISTS AND POLITICIANS WHO MENTION SUBJECT GENERALLY AGREE THAT CANADA SHOULD GIVE MORE, NOT LESS AID TO LDC'S. CHARACTERIZING AID AS GIGANTIC "GIVEAWAY" OF CANADIAN RESOURCES OR TAXPAYERS' MONEY HAS NOT BEEN PREVALENT HERE AMONG ANY SIGNIFICANT GROUP.

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9. GOC IS SENSITIVE, HOWEVER, TO CHARGE OF INEFFICIENCY AND MISMANAGEMENT, AND CIDA'S UNPRECEDENTED STOP OF PUBLICLY ANSWERING CHARGES BY SHULMAN AND NEWSPAPERS SHOWS THAT CIDA WILL FIGHT BACK WHEN IT FEELS UNJUSTLY ACCUSED.

10. THERE IS ALWAYS POSSIBILITY THAT BECUASE OF WIDELY-PUBLICIZED ALLEGATIONS AGAINST CIDA THAT SOME PORTION OF CANADIAN PUBLIC WILL GROW SOUR ON CANADIAN OVERSEAS AND PROGRAM. HOWEVER, EVEN PC MP DOUGLAS ROCHE, WHO WRITES OFTEN ON ECONOMIC DEVELOPMENT AND WHO HAS CRITICIZED CIDA POLICIES IN PAST, IS STRONG DEFENDER OF GOC AID TO LDG'S. EXCEPT FOR ANTI-COMMUNIST CRUSADER MP OTTO JELINEK, WHO HAS ASKED FOR PARLIAMENTARY STUDY TO DETERMINE WHETHER AID TO CUBA SHOULD BE CUT, EMBASSY KNOWS OF NO OTHER POLITICIAN WHO IS PROPOSING CUTS IN FOREIGN AID.

11. WITH AID DISBURSEMENTS THIS YEAR OF ABOUT C$1 BILLION AND RELATIVELY SMALL PROFESSIONAL STAFF IN FIELD TO OVERSEE PROJECTS, CIDA COULD FIND ITSELF AGAIN TARGET OF ATTACK FOR WASTING MONEY. HOWEVER, IF CIDA CAN TURN ASIDE FUTURE CRITICISMS AS EASILY AS IT DID WITH RECENT PRESS ANNOUNCEMENT, IT IS UNLIKELY THERE WILL BE GROUNDSWELL OF SUPPORT FOR FULL-SCALE INVESTIGATION OF CIDA ACTIVITIES OR FOR LESS FOREIGN AID.
ENDERS

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# Message Attributes

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**Decaption Note:**
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**Disposition Approved on Date:**
**Disposition Case Number:** n/a
**Disposition Comment:** 25 YEAR REVIEW
**Disposition Date:** 22 May 2009
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**Disposition History:** n/a
**Disposition Reason:**
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**Enclosure:** n/a
**Executive Order:** N/A
**Errors:** N/A
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**Original Previous Classification:** n/a
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**Review Markings:**
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